

What changes when innovation is managed across the whole entrepreneurial family galaxy?

Five galaxy dimensions help families govern innovation across firms, family offices and foundations

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Published on September 27, 2026

<https://doi.org/10.68623/spotlight.2026.5j2>

Ask a family business researcher how innovative a business family is, and the answer will usually be about one company. R&D intensity, patents, new product launches: the standard measures all stop at the edge of the operating firm. Many business families outgrew that boundary long ago.

A third-generation family might own a flagship manufacturer, a holding company with start-up stakes, a family office running a venture portfolio, a foundation and perhaps a museum. Ideas, money and people move between them. Some experiments never touch the core business.

In their editorial for a new special issue, the guest editors propose treating this whole constellation, the **entrepreneurial family galaxy**, as the place where innovation is actually managed. The framework doubles as a diagnostic tool.

WHAT WE STUDIED

This is an editorial. There is no new dataset. The five authors guest-edited the special issue, which drew 26 submissions from 90 scholars and accepted nine. They sort those nine with the input-process-outcome (IPO) framework and use them to launch a research agenda.

They first take stock of two decades of research. Early studies asked whether family ownership helps or hinders innovation. A 2016 meta-analysis by Duran and colleagues found that family firms invest less in R&D but get more output per unit invested, and later work

explored innovation through tradition, ambidexterity and green innovation.

The agenda builds on the galaxy perspective two of the editors introduced in 2024, which widens the classic three-circle model of family, ownership and business. The family, rather than a focal firm, sits at the center. The surrounding entities are bound by shared ownership, governance and identity rather than by contracts, and the configuration shifts as generations come and go.

KEY INSIGHTS

The single firm hides most of the picture

Research is anchored almost entirely at the firm level, ignoring holdings, family offices and foundations. Most studies are cross-sectional or span a few years. Generations take decades. Few frameworks ask how innovation in one family entity shapes innovation in another. The editors admit their own special issue illustrates the problem: its papers are strong, yet nearly all stay inside one operating company.

Five dimensions for reading a family's galaxy

- **Shape** covers the pathways along which knowledge and resources flow. A galaxy dominated by one operating firm is "elliptical"; one spread across clusters with no clear center is "irregular"; one growing through alliances and venture funds is "spiral".
- **Mass** is the family's endowment of capital, reputation, networks and socioemotional wealth

(SEW). It funds patient exploration and can also breed inertia.

- **Luminosity** is what each entity contributes, including non-financial returns such as identity and cohesion. A family museum can lose money and still matter.
- **Distance from the center** reflects proximity to the family's decision core. Close entities get fast approvals and patient capital, along with conservatism. Distant ones, such as an externally managed family office, have more room to experiment.
- **Regeneration rate** is the speed of renewal through succession, new ventures and portfolio restructuring. Slow regenerators risk competence traps.

What the nine studies add

On inputs, families navigate "knotted tensions" between financial and socioemotional goals instead of simply trading one off against the other (Hadjielias and colleagues). Diverse, open top teams widen the perspectives feeding innovation (Mismeti and colleagues). More women directors go with less debt and more long-term R&D (Paolone and colleagues). Ownership succession affects R&D in ways a change of CEO does not explain (Chen and colleagues).

On processes, absorptive capacity and knowledge collaboration jointly drive innovation, moderated by family governance (Audretsch and colleagues), and family firms turn environmental investment into product innovation more effectively than nonfamily firms when they are rooted in their territory (Kotlar and colleagues). On outcomes, family betrayal can either freeze or force business model innovation (Mostafiz and colleagues), tradition can fuel export innovation depending on the type of family involvement (Miroshnychenko and colleagues), and SEW drives green product innovation only with enough absorptive capacity (Bauweraerts and colleagues).

Ambidexterity may be a portfolio property

Firms are usually told to balance exploration and exploitation internally. The editors suggest business families may do it structurally, letting the operating firm exploit while a family office or venture vehicle explores. This is the agenda's most practical idea. When the two streams should be reintegrated is still unresearched, and a family council should be asking anyway.

Family offices and foundations are innovation actors

Family offices increasingly work as venture investors and innovation scouts, and foundations as laboratories for social and cultural innovation. Research has barely noticed. Legacy assets such as craft know-how, brand

heritage and family archives are similarly spread across entities, and their value depends on how deliberately they are curated and moved.

Galaxy-level innovation has a dark side

The scale and cohesion that fund long-term bets can also entrench power, suppress competition and protect insiders. When many entities are coordinated around one family's interests, bad practices spread as efficiently as good ones. The editors could have left this out. Including it makes the framework more credible.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

Draw the map before setting the budget

Most families can list their entities. Fewer can say how ideas and capital move between them. Useful questions for a family council:

- Where do new ideas enter, and how do they reach the operating company?
- Which entities are allowed to fail?
- When did the galaxy last gain a new entity, leader or competence?

Assign exploration on purpose

An operating company built for efficiency is a poor default source of radical ideas. Give that role to an entity further from the center, and design the route back before the first investment.

Judge the family office on more than returns

The editors argue family offices should be assessed as scouts, incubators and knowledge connectors, not only as investors. Foundations deserve the same scrutiny, provided someone owns the transfer of their insights.

Treat discontinuities as design moments

Ownership succession, a major acquisition or a rupture of trust can reset the galaxy's regeneration rate. Use these events to reconsider who sits near the center and what each entity is for.

Open the governance bodies

Two of the special issue papers point the same way. Diverse top teams that discuss openly generate richer innovation intentions, and boards with more women directors commit more to long-term R&D. Who sits in the room shapes what the galaxy can see.

IMPACT

The agenda sets out 15 claims across inputs, processes, outcomes and context, each with research questions and suggested methods: longitudinal designs, historical archives, multientity case studies and natural experiments such as inheritance events. It also calls for outcome measures that capture portfolio renewal and transgenerational capacity, since patents

record only part of what a galaxy produces. Because inheritance taxes, foundation law and governance codes vary by country, cross-national comparison is a priority.

Advisors gain a shared vocabulary. The dimensions have not yet been validated at galaxy level, so treat the framework as a structured way to start a conversation, with scoring left for later.

RECOMMENDATIONS

1. Map every family-controlled entity and the flows of capital, people and knowledge between them, using the five dimensions as prompts.
2. Decide which entities exploit and which explore, and set a governance route, such as a holding investment committee, for bringing exploratory results back to the core.
3. Add innovation-capacity indicators to how the family office and foundations are evaluated.
4. Plan succession and major portfolio moves as regeneration events, with innovation on the agenda.
5. Review dark-side risks periodically: is innovation creating broad value, or mainly protecting control?

Spotlight by CeFEO, What changes when innovation is managed across the whole entrepreneurial family galaxy? Five galaxy dimensions help families govern innovation across firms, family offices and foundations. Downloaded on 25 October 2026 from <https://doi.org/10.68623/spotlight.2026.5j2>

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PUBLISHED IN



Rondi, E., De Massis, A., Chirico, F., Kammerlander, N., & Gomez-Mejia, L. R. (2026). Managing innovation in the entrepreneurial family galaxy: Toward a new research agenda. *Journal of Product Innovation Management*, 43(6), 847–866.

<https://doi.org/10.1111/jpim.70060>

Spotlight is an online magazine that translates research from the [Centre for Family Entrepreneurship and Ownership \(CeFEO\)](#) at Jönköping International Business School, Jönköping University, into accessible insights for family business owners, practitioners, and policymakers.

Spotlight is supported by the [WIFU Foundation](#). This partnership advances dialogue and education in responsible family entrepreneurship and ownership.



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